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BEFORE THE ARIZONA CORPORATION COMMISSION P 2:24

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CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
MARC SPITZER  
COMMISSIONER

Arizona Corporation Commission

DOCKETED

MAR 20 2002

DOCKETED BY

*mac*

IN THE MATTER OF THE )  
APPLICATION OF LITCHFIELD PARK ) **DOCKET NO. W-01427A-01-0487**  
SERVICE COMPANY FOR AN ) **DOCKET NO. WS-01428A-01-0487**  
INCREASE IN ITS WATER AND )  
WASTEWATER RATES FOR ) **ERRATA TO SURREBUTTAL**  
CUSTOMERS WITHIN MARICOPA ) **TESTIMONY OF HORATIO**  
COUNTY, ARIZONA ) **SKEETE**

City of Litchfield Park, Intervenor in this action, by and through its attorneys, hereby files Attachment HS-1 to the Surrebuttal Testimony of Horatio Skeete, City Manager of the City of Litchfield Park. The Attachment was inadvertently omitted from Mr. Skeete's Surrebuttal Testimony filed on March 15, 2002.

Respectfully submitted this 20th day of March, 2002.

MARTINEZ &amp; CURTIS, P.C.

William P. Sullivan, Esq.

Paul R. Michaud, Esq.

2712 North Seventh Street

Phoenix, Arizona 85006-1090

Attorneys for City of Litchfield Park

1 PROOF OF SERVICE AND  
2 CERTIFICATE OF MAILING

3 I hereby certify that on this 20th day of March, 2002, I caused the foregoing  
4 document to be served on the Arizona Corporation Commission by hand-delivering the  
5 original and ten (10) copies of said document to:

6 Docket Control  
7 Arizona Corporation Commission  
8 1200 West Washington Street  
9 Phoenix, Arizona 85007

10 With copies of the foregoing hand-delivered this 20th day of March, 2002 to:

11 Christopher Kempley, Chief Counsel  
12 Legal Division  
13 Arizona Corporation Commission  
14 1200 West Washington Street  
15 Phoenix, Arizona 85007

16 Lynn Farmer, Chief ALJ  
17 Legal Division  
18 Arizona Corporation Commission  
19 1200 West Washington Street  
20 Phoenix, Arizona 85007

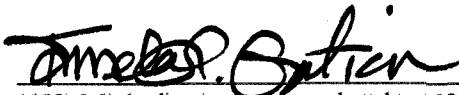
21 Ernest Johnson, Director  
22 Utilities Division  
23 Arizona Corporation Commission  
24 1200 West Washington Street  
25 Phoenix, Arizona 85007

26 With copies of the foregoing mailed this 20th day of March, 2002 to:

Richard L. Sallquist  
Sallquist & Drummond PC  
2525 E. Biltmore Circle, Suite 117  
Phoenix, Arizona 85016  
Attorneys for Applicant

Scott Wakefield, Chief Counsel  
Residential Utility Consumer Office  
2828 North Central Avenue, Suite 1200  
Phoenix, Arizona 85004

Jim Poulos  
9532 E. Riggs Road  
Sun Lakes, Arizona 85248



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**ATTACHMENT:**  
**HS-1**

This Framework for Agreement is made, entered into, and adopted as of the 22nd day of March, 1993 by and among the City of Goodyear, a municipal corporation of the State of Arizona, the City of Litchfield Park, a municipal corporation of the State of Arizona, SunCor Development Company, an Arizona corporation (hereinafter "SunCor"), Litchfield Park Service Company, an Arizona corporation (hereinafter "LPSCo") and the Goodyear Community Facilities District No. 1, a political subdivision of the State of Arizona (hereinafter "CFD").

In consideration of the mutual benefits to be received by each of the parties as hereinafter set forth, the foregoing parties agree as follows:

1. The City of Goodyear, the City of Litchfield Park, SunCor Development Company, Litchfield Park Service Company and the Goodyear Community Facilities Utility District No. 1 enter into this Framework for Agreement to provide for an agreement or series of agreements (collectively, the "Agreement") which, among other matters, will assure the provision of adequate water and sewer service to the residents of the City of Litchfield Park by LPSCo. Nothing in the Agreement shall be construed to constitute an assurance by the City of Goodyear or the CFD that any specific level, price, quantity or quality of water or sewer service will be provided to residents of the City of Litchfield Park, directly or indirectly by the City of Goodyear or the CFD. The Agreement shall not alter or affect the existing obligations of LPSCo to provide adequate water and sewer service to residents of Litchfield Park.
2. The contemplated Agreement will not be subject to modification or amendment without the consent of each of the parties to the respective agreements.
3. Unless expressly prohibited by law, a representative of the City of Litchfield Park designated by the City Council will hold one permanent ex-officio non-voting seat on the CFD Governing Board and one seat on any CFD or City of Goodyear committee charged with responsibility for financial analysis, oversight, rate-making or operating cost determinations pertaining to water or sewer service to residents of the City of Litchfield Park. It is the intent of all parties that, if any law prohibits the representation described in the preceding sentence, a mechanism shall be established whereby a designated representative of the City of Litchfield Park shall receive, to the extent possible, the same notices and rights to participate in the CFD Governing Board and committee meetings, as if such representative of the City of Litchfield Park held the positions referred to in the preceding sentence. In no event, however, shall the representative of the City of Litchfield Park be entitled to attend executive sessions of the CFD Governing Board. All meeting notices may be transmitted to the designated representative of the City of Litchfield Park at the Litchfield Park City Hall.

4. Subject to the other provisions of the contemplated Agreement, as outlined below (specifically, paragraphs 5, 6, 7 and 8 of this Framework for Agreement), water and sewage treatment charges to residents of Litchfield Park by LPSCo shall be based on the actual cost of providing service to Litchfield Park residents.
5. In the event of a transfer of water or sewer system assets as set forth in paragraphs 7 and/or 8 of this Framework, then in connection with any such transfer, the parties shall take their respective actions necessary to reduce the certificated area of LPSCo so that the utility provider (hereafter referred as "Little LPSCo") provides utility services only to residents of the City of Litchfield Park, as now or hereinafter constituted, and, possibly, to those areas of Avondale, Glendale, and unincorporated Maricopa County, currently within the certificated area of LPSCo.
6. Within the reduced certificated area, Little LPSCo shall apply its water and sewer rates on a non-discriminatory basis in accordance with law.
7. With respect to water service, LPSCo or Little LPSCo may continue to provide service to the residents of Litchfield Park (and to others within the reduced certificated area), in the same manner and utilizing the same rate factors as currently in effect. SunCor shall agree, however, that if the contemplated transfer of the water withdrawal and/or delivery system assets to the CFD or the City of Goodyear is accomplished, SunCor will subsidize the operations of Little LPSCo (or otherwise make payments directly to service recipients within Little LPSCo's certificated area) so as to assure that the water service rates paid by service recipients within the certificated area of Little LPSCo are consistent with the rate limitations described below. SunCor's subsidy obligations shall be adequately secured. For purposes of this Framework for Agreement, the term "base year" shall mean the year in which any rate adjustment filed in 1993 shall become effective, but in no event later than 1995. The water service charges to service recipients in Little LPSCo's certificated area shall be limited (through SunCor's subsidy of Little LPSCo or through other payments as provided for above) so that the charges for water service recipients for the base year and any prior period shall not exceed those charges which would have been incurred had the existing water withdrawal and/or delivery system remained in operation as currently constituted, giving effect to any rate case appeal pending on the date of the Agreement; for the five (5) years following the base year, the water service charges shall not exceed the rate in existence at the end of the base year increased by four percent (4%) annually (cumulative but not compounded); for the following five (5) years, the water service charges shall not exceed the maximum rate allowable at the end of the first five year period following the base year plus an annual cumulative non-compounded adjustment equal to the percentage charge in the Consumer Price Index (CPI-U); provided, however, that rates may be increased in excess of these limitations to reflect extraordinary operating or

extraordinary capital expenses of Little LPSCo so long as such expenses would have been incurred in the absence of the water system asset transfer. The quality of water provided to Litchfield Park residents by LPSCo or Little LPSCo shall remain consistent with the quality of water available today, subject only to natural and legal restraints.

8. With respect to sewage treatment charges, Little LPSCo may continue to provide sewage treatment services to the residents of Litchfield Park (and to others within the reduced certificated area), in the same manner and utilizing the same rate factors as currently in effect, for so long as the McDowell Sewer Plant remains in operation. Upon cessation of operations at the McDowell Sewer Plant and/or transfer of LPSCo's sewage treatment system assets to the CFD or the City of Goodyear, SunCor shall subsidize the operations of Little LPSCo (or otherwise make payments directly to service recipients within Little LPSCo's certificated area) so as to assure that the sewer service rates paid by service recipients within the certificated area of Little LPSCo are consistent with the rate limitations described below. SunCor's subsidy obligations hereunder shall be adequately secured. The sewer service charges to service recipients in Little LPSCo's certificated area shall be limited (through SunCor's subsidy of LPSCo or through other payments as provided for above) so that the charges after transfer of the sewer system assets (for the calendar year in which the asset transfer occurs and/or the McDowell Sewer Plant ceases operation) for sewer service recipients shall not exceed those charges which would have been incurred had the McDowell Sewer Plant remained in operation as currently constituted; and the base year (defined above) and any increases in rates during the ten years following the base year shall be limited consistent with paragraph 7 of this Framework. In no event shall the sewer service rates of Little LPSCo include or reflect capital costs, other than those associated with sewer system assets necessary for, and utilized in, the provision of sewage treatment services to service recipients within Little LPSCo's certificated area.
9. Upon the execution of a binding Agreement as outlined above, and subject to the provisions of that Agreement and LPSCo's continued obligation to provide adequate water and sewer service for residents of Litchfield Park, the City of Litchfield Park will support the application for approval of the transfer of the existing water withdrawal and delivery system assets to the CFD or to the City of Goodyear, the cessation of operations at the McDowell Sewer Plant, and/or the transfer of certain sewage treatment assets to the CFD or to the City of Goodyear.
10. Upon adoption by the City Council of the City of Goodyear and the City Council of the City of Litchfield Park of a resolution approving this Framework for Agreement, and upon agreement by SunCor and LPSCo with the principles and fundamental terms of agreement set forth in this Framework, the City of

Litchfield Park will take all reasonable steps necessary to withdraw its support for pending HB2015. In the event HB2015 is enacted, this Framework for Agreement and any resolution adopting it, and all agreements and understandings relating hereto, shall be null and void and of no further force or effect. If any legislation similar in effect to HB2015 is enacted in the future, the Agreement shall provide that the Agreement will be void and of no further force or effect as to any utility service with respect to which the transfer of assets has not been completed. No party shall be required to proceed with any further negotiations relating to the Agreement until the support of the City of Litchfield Park for HB2015 has been withdrawn as provided herein.

11. Nothing in this Framework for Agreement shall be construed so as to require either the City of Goodyear or the CFD to acquire any water or sewer system assets from LPSCo or to provide water or sewer service to anyone within the certificated areas of LPSCo.

The undersigned parties have adopted, accepted and agreed to the foregoing Framework for Agreement as of the 22nd day of March, 1993.

CITY OF GOODYEAR, an Arizona  
municipal corporation

By: Stephen L. Cleveland  
Its City Manager

ATTEST:

Barbara A. Duraway  
Its City Clerk

APPROVED AS TO FORM:

Donald Z. Keiper  
City Attorney  
City of Goodyear

CITY OF LITCHFIELD PARK, an Arizona  
municipal corporation

By: Robert R. Munschwhite, II  
Its City Manager

ATTEST:

Melina Scott  
Its City Clerk

APPROVED AS TO FORM:

Judith O. Green  
City Attorney  
City of Litchfield Park

LITCHFIELD PARK SERVICE  
COMPANY, an Arizona corporation

By: [Signature]  
Its duly authorized President



GOODYEAR COMMUNITY FACILITIES  
DISTRICT NO. 1, a political subdivision  
of the State of Arizona

By: Stephen S. Cleveland  
Its duly authorized Manager

ATTEST:

Richard A. Dunaway

APPROVED AS TO FORM:

James W. Kelly  
Attorney for Goodyear  
Community Facilities District  
No. 1

SUNCOR DEVELOPMENT COMPANY,  
an Arizona corporation

By: [Signature]  
Its duly authorized President